

## Deficit Pigeons

Not all money grows on trees — only tax-cut dollars do. That's the message being delivered by the Republican leadership in the House of Representatives this week. The House is vowing to clamp down on those mushrooming federal deficits. It is considering new spending caps and requirements that any increase in spending be offset by cuts elsewhere in the budget. What makes the move more comical than serious is that House leaders opposed extending the same principle to the revenue side of the government's ledger. In other words, the cost of President Bush's tax cuts needn't be offset by anything.

This approach to budgeting is tempting, we realize, but do not try this at home. Imagine subjecting yourself to a household budget that monitored only your family's spending, without taking into account any fluctuations in your income. You could cut back on your work hours without allowing any impact on your lifestyle — assuming that you, too, could run huge deficits.

President Bush's tax cuts have recklessly shrunk the federal government's revenues in a time of war. Federal tax receipts now amount to an estimated 15.7 percent share of national output, the lowest share since 1950. That's down from 20.9 percent in 2000. Meanwhile, federal spending continues to amount to about 20 percent of national output. Most of that goes to defense and fixed expenses, like debt payments and entitlements. There isn't much discretionary spending to cut.

Mounting deficits, a threat to the nation's long-term economic health, are the natural outgrowth of these stark percentages. The White House claims that the economic slowdown is primarily responsible for these deficits are wearing thin. Indeed, the nonpartisan Congressional Budget Office just issued a report that attributes only 6 percent of this year's \$500 billion deficit to a sluggish economy. Far more dominant as factors behind the red ink are the costs of the president's progressively deeper tax cuts, weighted for the affluent, and the Iraq war.

Republicans are starting to worry that their lax stewardship of the nation's finances could prove a liability this November. Hence the sudden protestations of deficit hawkishness on Capitol Hill.

Last week, Senate Democrats joined with four Republicans to pass a genuine pay-as-you-go budgetary measure that would apply to both spending and tax cuts. It is modeled after the successful 1990's pay-as-you-go bill that Alan Greenspan and others credit with helping to tame federal deficits back then. It would require a 60-vote majority to pass any tax cuts or spending increases not paid for by offsetting additional revenue or spending cuts.

The Bush administration and House leaders know full well that such a measure would kill off any hope of extending their tax cuts into perpetuity. So they mobilized to defeat the attempt by some moderate House Republicans to also embrace a true pay-as-you-go measure. Instead, the House Budget Committee passed its Potemkin version of fiscal hawkishness yesterday, which would apply only to spending and not to tax cuts. Call it pray-as-you-go discipline. The entire chamber is expected to follow suit, setting up a confrontation with the Senate.

It will largely be up to four moderate Republican senators — Lincoln Chafee, John McCain, Susan Collins and Olympia Snowe — to decide whether they want to fight an uphill battle against their president to put a stop to what his father once called voodoo economics.